

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2150-02
Bill No.: HB 1190
Subject: Health Care Professionals; Hospitals; Physicians
Type: Original
Date: March 30, 2015

Bill Summary: This proposal prohibits any hospital from denying medical staff privileges for any health care professional if such privileges were not lost due to misconduct.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from **Bates County Memorial Hospital (Bates Co. MH)** state this proposal would expose hospitals to an increase in liability and costs. In 2008, a physician that had practiced in the community for more than 40 years requested additional surgical procedures be added to the list of previously approved privileges although it had been several years since the physician had performed these procedures. Since the physician had been trained and had performed the procedures in the past without any malpractice claims, the hospital approved the request. Subsequently, the hospital's insurance carrier canceled the Hospital's liability insurance due to the risk. A new carrier was found but premiums were significantly higher. In 2007, the liability insurance was \$79,891; in 2008, the hospital spent \$203,832 and in 2009 the hospital's liability insurance was \$293,832. As a result, Bates Co. MH spent in excess of \$1 million dollars over five (5) years for the increased liability of one physician.

Hospitals who participate in the Medicare and Medicaid program must comply with the Regulations and Conditions of Participation found in 42 CFR 482.12(a)(2) which provides: "Appoint members of the medical staff after considering the recommendations of the existing members of the medical staff". The Interpretive Guidelines for §482.12(a)(2) state: "The governing body determines whether to grant, deny, continue, revise, discontinue, limit, or revoke specified privileges, including medical staff membership, for a specific practitioner after considering the recommendation of the medical staff. In all instances, the governing body's determination must be consistent with established hospital medical staff criteria, as well as with State and Federal law and regulations. Only the hospital's governing body has the authority to grant a practitioner privileges to provide care in the hospital."

Bates Co. MH assumes this proposal would have a significant fiscal impact on their organization. Based on previous experience, Bates Co. MH assumes a fiscal impact in excess of \$100,000 annually.

Officials from the **University of Missouri (UM) Health Care** state this proposal, as written, should not create additional expenses in excess of \$100,000 annually. This is because the UM Health Care is a state operated institution and is not required to be licensed.

Officials from the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration** and the **Department of Social Services, MO HealthNet Division** and **Division of Legal Services** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
LOCAL GOVERNMENTS - COUNTY HOSPITALS			

<u>Costs</u> - County Hospitals			
Increase in liability insurance costs	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS - COUNTY HOSPITALS	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

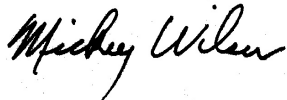
FISCAL DESCRIPTION

This proposal prohibits a hospital from denying medical staff privileges for any holder of any certificate of registration or authority, permit, or license required by Chapter 334, RSMo, if the privileges were not removed, suspended, limited, or restricted due to misconduct, unethical conduct, professional incompetence, malpractice, or any other violation of any provision of Chapter 334.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Insurance, Financial Institutions
and Professional Registration
Department of Social Services -
MO HealthNet Division
Division of Legal Services
University of Missouri
Bates County Memorial Hospital



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March 30, 2015

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March 30, 2015